

## Message Text

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73

ACTION EB-11

INFO OCT-01 EUR-25 EA-11 IO-15 ISO-00 AGR-20 CEA-02

CIAE-00 COME-00 DODE-00 FRB-02 H-03 INR-10 INT-08

L-03 LAB-06 NSAE-00 NSC-10 PA-03 RSC-01 AID-20

CIEP-02 SS-20 STR-08 TAR-02 TRSE-00 USIA-15 PRS-01

SPC-03 OMB-01 DRC-01 /204 W  
----- 089979

R 121917Z OCT 73

FM AMEMBASSY LONDON  
TO SECSTATE WASHDC 4749  
INFO AMEMBASSY BONN  
AMEMBASSY BRUSSELS  
AMEMBASSY COPENHAGEN  
AMEMBASSY DUBLIN  
AMEMBASSY LUXEMBOURG  
AMEMBASSY PARIS  
AMEMBASSY ROME  
AMEMBASSY THE HAGUE  
AMEMBASSY TOKYO  
USMISSION EC BRUSSELS  
USMISSION GENEVA  
USMISSION OECD PARIS

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E.O. 11652: N/A

TAGS: ETRD, JA, UK

SUBJECT: UK - JAPAN TRADE RELATIONS

REFS: (A) LONDON 9671 OF OCTOBER 11, 1972, (B) LONDON  
11759

BEGIN SUMMARY. TRADE WAS NOT ONE OF THE MAIN SUBJECTS  
DISCUSSED DURING PRIME MINISTER TANAKA'S VISIT TO THE  
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UK ON SEPTEMBER 29-OCTOBER 3 (SEE REF B). THE BRITISH

GOVERNMENT NEVERTHELESS TOOK THIS OCCASION TO REAFFIRM ITS DESIRE FOR A BALANCED EXPANSION OF TRADE, AND TO EXPRESS CONCERN OVER THE RAPID RISE IN CERTAIN JAPANESE IMPORTS (CARS AND TV SETS, FOR EXAMPLE). THE OVERALL FIGURES SHOW THAT BRITAIN'S IMPORTS FROM JAPAN ARE CONTINUING TO RISE MUCH MORE RAPIDLY THAN ITS EXPORTS TO JAPAN. TO REDRESS THE BALANCE, JAPAN HAS AGREED UNILATERALLY TO LIMIT THE EXPORT OF A NUMBER OF PRODUCTS TO THE UK IN ACCORDANCE WITH UNWRITTEN UNDERSTANDINGS REACHED BY BRITISH AND JAPANESE INDUSTRIALISTS. AT THE SAME TIME, HMG IS TRYING TO HELP BRITISH EXPORTERS TO PENETRATE THE JAPANESE MARKET. END SUMMARY.

1. BRITISH EXPORTS TO JAPAN ARE INCREASING RAPIDLY FROM RELATIVELY LOW LEVELS, BUT THE UK'S IMPORTS FROM JAPAN ARE RISING EVEN MORE RAPIDLY. DURING THE SECOND QUARTER OF 1973, FOR EXAMPLE, THE VALUE OF BRITISH EXPORTS TO JAPAN (FOB) WAS 68.1 MILLION POUNDS, COMPARED WITH 48.1 MILLION IN THE SECOND QUARTER OF 1972. BRITISH IMPORTS FROM JAPAN WERE 106.2 MILLION POUNDS IN THE SECOND QUARTER OF 1973, COMPARED WITH 61.2 MILLION DURING THE SAME PERIOD OF 1972.

2. ACCORDING TO THE JAPAN DESK OFFICER AT DTI, A HANDFUL OF PRODUCTS ACCOUNT FOR MOST OF THIS RECENT INCREASE IN IMPORTS. DURING THE FIRST SEVEN MONTHS OF 1973, FOR EXAMPLE, IMPORTS OF JAPANESE CARS INCREASED BY 175 PERCENT OVER A COMPARABLE PERIOD OF 1972. IMPORTS OF TELEVISION SETS, BOTH COLOR AND BLACK AND WHITE, WERE UP BY 237 PERCENT.

3. IN ORDER TO KEEP THE PROBLEM OF THE RAPID RISE OF CERTAIN JAPANESE IMPORTS FROM GETTING OUT OF HAND, THE UK HAS ENCOURAGED THOSE BRITISH INDUSTRIALISTS WHO CAN DEMONSTRATE THAT THEY ARE AFFECTED BY THE PROBLEM TO MEET WITH THEIR JAPANESE COUNTERPARTS AND WORK OUT UNWRITTEN VOLUNTARY RESTRAINT ARRANGEMENTS. THESE ARE IMPLEMENTED UNILATERALLY BY THE JAPANESE GOVERNMENT. AN OFFICIAL OF THE CONFEDERATION OF LIMITED OFFICIAL USE

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BRITISH INDUSTRY HAS TOLD US THAT ARRANGEMENTS OF THIS

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KIND HAVE BEEN WORKED OUT ON SOME FIFTY PRODUCTS.  
AMONG THOSE CURRENTLY IN EFFECT ARE ARRANGEMENTS  
COVERING BALL BEARINGS, COLOR TELEVISION SETS AND  
CUTLERY. WRITTEN AGREEMENTS ARE AVOIDED, ACCORDING TO  
THIS OFFICIAL, BECAUSE THEY MIGHT BE CONSIDERED  
INCONSISTENT WITH EC COMPETITION POLICY.

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4. AUTOMOBILES ARE NOT COVERED BY VOLUNTARY RESTRAINTS. BOTH BRITISH LEYLAND AND CHRYSLER HAVE APPEALED FOR RESTRICTIONS ON CAR IMPORTS FROM JAPAN, BUT DATSUN HAS REPLIED THAT RESTRICTIONS ARE NOT JUSTIFIED, SINCE THE BRITISH AUTOMOTIVE INDUSTRY IS NOT ABLE TO MEET DOMESTIC DEMAND. A REDUCTION IN JAPANESE IMPORTS WOULD MERELY RESULT IN INCREASED IMPORTS FROM OTHER PARTS OF EUROPE.

5. IN ADDITION TO REITERATING CONCERN OVER IMPORTS, THE BRITISH RAISED WITH TANAKA CERTAIN JAPANESE NTB'S WHICH ARE PARTICULARLY BOTHERSOME TO BRITISH EXPORTERS. THESE INCLUDE LIQUOR LABELING REGULATIONS, EXCISE TAXES THAT THE UK BELIEVES HURT SALES OF SCOTCH WHISKEY, QUOTAS ON LEATHER FOOTWEAR, AND JAPAN'S SYTEM FOR CONTROLLING THE RETAIL SALE OF TOBACCO. TANAKA WAS NON-COMMITTAL ON THESE POINTS.

6. FINALLY, IN THE WORDS OF THE JOINT COMMUNIQUE, TANAKA "WELCOMED THE VIGOROUS STEPS RECENTLY TAKEN BY HMG TO ENCOURAGE BRITISH EXPORTS TO JAPAN." THESE INCLUDE NUMEROUS BRITISH TRADE MISSIONS, JOINT VENTURES AT JAPANESE TRADE FAIRS, AND PROMOTIONAL ACTIVITY IN JAPANESE STORES. THE MAIN INITIATIVE OF THIS KIND WAS THE DECISION TO ESTABLISH A BRITISH EXPORT MARKETING CENTRE IN TOKYO, WHICH OPENED ON SEPTEMBER 21. THE CENTRE INCORPORATES EXHIBITION SPACE, CONFERENCE ROOMS AND OFFICES. IT IS DESIGNED TO MAKE IT EASIER FOR BRITISH EXPORTERS TO STUDY JAPANESE MARKET PROSPECTS, AND TO INFORM JAPANESE BUSINESSMEN ABOUT BRITISH PRODUCTS.

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## Message Attributes

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EO Systematic Review  
30 JUN 2005

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**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005